

Adopted	Rejected
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COMMITTEE REPORT

YES:	18
NO:	6

MR. SPEAKER:

Your Committee on Ways and Means, to which was referred Senate Bill 441, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:

1 Page 4, between lines 31 and 32, begin a new paragraph and insert:
 2 "SECTION 2. IC 6-1.1-1-6.5 IS ADDED TO THE INDIANA CODE
 3 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON
 4 PASSAGE]: **Sec. 6.5. "Fair market value"** means, for purposes of
 5 **determining the assessed value of real property used as**
 6 **residential property, the price at which a willing buyer and a**
 7 **willing seller dealing at arm's length would arrive, after**
 8 **negotiation, for a sale of property for the existing use of the**
 9 **property as residential property when neither is acting under**
 10 **compulsion and both have a reasonable knowledge of all the facts**
 11 **that affect value.**
 12 SECTION 3. IC 6-1.1-1-8.6 IS ADDED TO THE INDIANA CODE
 13 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 14 MARCH 1, 2004 (RETROACTIVE)]: **Sec. 8.6. "Low income**

housing" means real property that, on an assessment date, is used to obtain or receives any of the following benefits:

- (1) Low income housing credits under Section 42 of the Internal Revenue Code.
- (2) Low interest loans for benefits from the United States Department of Agriculture Rural Housing Section 515 Program.
- (3) Below market, federally insured, or governmental financing for housing, including tax exempt bonds under Section 142 of the Internal Revenue Code for qualified residential rental projects.
- (4) A grant or low interest loan under Section 235 or 236 of the National Housing Act (12 U.S.C. 1715z or 12 U.S.C. 1715z-1) or 42 U.S.C. 1485.
- (5) A government rent subsidy for housing.
- (6) A government guaranteed loan for a housing project.

SECTION 4. IC 6-1.1-1-22.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22.7. "True tax value" means, for purposes of determining the assessed value of real property used as residential property, an assessed value that does not exceed fair market value.

SECTION 5. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A petition for the reassessment of real property situated within a township may be filed with the department of local government finance on or before March 31st of any year ~~which is not a general election year and~~ in which no general reassessment of real property is made.

(b) The petition ~~for reassessment referred to in subsection (a)~~ must be signed by ~~not less than the following percentage of all the owners of taxable real property who reside in the township:~~

- ~~(1) fifteen percent (15%) for a township which does not contain an incorporated city or town;~~
- ~~(2) five percent (5%) for a township containing all or part of an incorporated city or town which has a population of five thousand~~

(5,000) or less;

(3) four percent (4%) for a township containing all or part of an incorporated city which has a population of more than five thousand (5,000) but not exceeding ten thousand (10,000);

(4) three percent (3%) for a township containing all or part of an incorporated city which has a population of more than ten thousand (10,000) but not exceeding fifty thousand (50,000);

(5) two percent (2%) for a township containing all or part of an incorporated city which has a population of more than fifty thousand (50,000) but not exceeding one hundred fifty thousand (150,000); or

(6) one percent (1%) for a township containing all or part of an incorporated city which has a population of more than one hundred fifty thousand (150,000).

at least the lesser of:

(1) ten (10) owners of real property in a township; or

(2) the number of owners of real property in the township that represents owners of one percent (1%) of the assessed value of real property in the township.

(c) The signatures on the petition referred to in subsection (a) must be verified by the oath of one (1) or more of the signers. ~~And, A~~ certificate of the county auditor stating that the signers constitute the required number of resident owners of taxable real property of the township must accompany the petition.

SECTION 6. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be

completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

- (1) a township assessor in a qualifying county; or
- (2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:

- (A) prepare a detailed report of:

- (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and

- (ii) the balance in the reassessment fund as of the date of the report; and

- (B) file the report with:

- (i) the legislative body of the qualifying county;
 - (ii) the prosecuting attorney of the qualifying county;
 - (iii) the department of local government finance; and
 - (iv) the attorney general;

- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;

- (3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)**;

1 (4) a penalty clause under which the amount to be paid for
2 appraisal services is decreased for failure to complete specified
3 services within the specified time;

4 (5) a provision requiring the appraisal firm to make periodic
5 reports to the department of local government finance;

6 (6) a provision stipulating the manner in which, and the time
7 intervals at which, the periodic reports referred to in subdivision
8 (5) are to be made;

9 (7) a precise stipulation of what service or services are to be
10 provided;

11 (8) a provision requiring the appraisal firm to deliver a report of
12 the assessed value of each parcel in a township in the qualifying
13 county to the department of local government finance; and

14 (9) any other provisions required by the department of local
15 government finance.

16 After December 31, 2001, the department of local government finance
17 has all the powers and duties of the state board of tax commissioners
18 provided under a contract entered into under this subsection (as
19 effective before January 1, 2002) before January 1, 2002. The contract
20 is valid to the same extent as if it were entered into by the department
21 of local government finance. However, a reference in the contract to
22 the state board of tax commissioners shall be treated as a reference to
23 the department of local government finance. The contract shall be
24 treated for all purposes, including the application of IC 33-3-5-2.5, as
25 the contract of the department of local government finance. If the
26 department of local government finance terminates a contract before
27 completion of the work described in this subsection, the department
28 shall contract for completion of the work as promptly as possible under
29 IC 5-22-6. This subsection expires June 30, 2004.

30 (f) At least one (1) time each month, the contractors that will make
31 physical visits to the site of real property for reassessment purposes
32 shall publish a notice under IC 5-3-1 describing the areas that are
33 scheduled to be visited within the next thirty (30) days and explaining
34 the purposes of the visit. The notice shall be published in a way to
35 promote understanding of the purposes of the visit in the affected areas.
36 After receiving the report of assessed values from the appraisal firm
37 acting under a contract described in subsection (e), the department of

1 local government finance shall give notice to the taxpayer and the
2 county assessor, by mail, of the amount of the reassessment. The
3 notice of reassessment:

4 (1) is subject to appeal by the taxpayer under section 34 of this
5 chapter; and

6 (2) must include a statement of the taxpayer's rights under
7 sections 33 and 34 of this chapter.

8 (g) The department of local government finance shall mail the notice
9 required by subsection (f) within ninety (90) days after the department
10 receives the report for a parcel from the professional appraisal firm.
11 This subsection expires June 30, 2004.

12 (h) The qualifying county shall pay the cost of any contract under
13 this section which shall be without appropriation from the county
14 property reassessment fund. A contractor may periodically submit bills
15 for partial payment of work performed under a contract. However, the
16 maximum amount that the qualifying county is obligated to pay for all
17 contracts entered into under subsection (e) for the general reassessment
18 of real property in the qualifying county to be completed for the March
19 1, 2002, assessment date is twenty-five million five hundred thousand
20 dollars (\$25,500,000). Notwithstanding any other law, a contractor is
21 entitled to payment under this subsection for work performed under a
22 contract if the contractor:

23 (1) submits, in the form required by IC 5-11-10-1, a fully
24 itemized, certified bill for the costs under the contract of the work
25 performed to the department of local government finance for
26 review;

27 (2) obtains from the department of local government finance:

28 (A) approval of the form and amount of the bill; and

29 (B) a certification that the billed goods and services billed for
30 payment have been received and comply with the contract; and

31 (3) files with the county auditor of the qualifying county:

32 (A) a duplicate copy of the bill submitted to the department of
33 local government finance;

34 (B) the proof of approval provided by the department of local
35 government finance of the form and amount of the bill that
36 was approved; and

37 (C) the certification provided by the department of local

1 government finance that indicates that the goods and services
2 billed for payment have been received and comply with the
3 contract.

4 An approval and a certification under subdivision (2) shall be treated as
5 conclusively resolving the merits of the claim. Upon receipt of the
6 documentation described in subdivision (3), the county auditor shall
7 immediately certify that the bill is true and correct without further audit,
8 publish the claim as required by IC 36-2-6-3, and submit the claim to
9 the county executive of the qualifying county. The county executive
10 shall allow the claim, in full, as approved by the department of local
11 government finance without further examination of the merits of the
12 claim in a regular or special session that is held not less than three (3)
13 days and not more than seven (7) days after completion of the
14 publication requirements under IC 36-2-6-3. Upon allowance of the
15 claim by the county executive, the county auditor shall immediately
16 issue a warrant or check for the full amount of the claim approved by
17 the department of local government finance. Compliance with this
18 subsection shall be treated as compliance with section 28.5 of this
19 chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination
20 and payment of a claim in compliance with this subsection is not
21 subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do
22 not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to
23 a fiscal officer who pays a claim in compliance with this subsection.
24 This subsection expires June 30, 2004.

25 (i) Notwithstanding IC 4-13-2, a period of seven (7) days is
26 permitted for each of the following to review and act under IC 4-13-2
27 on a contract of the department of local government finance under this
28 section:

- 29 (1) The commissioner of the Indiana department of administration.
30 (2) The director of the budget agency.
31 (3) The attorney general.
32 (4) The governor.

33 (j) With respect to a general reassessment of real property to be
34 completed under section 4 of this chapter for an assessment date after
35 the March 1, 2002, assessment date, the department of local
36 government finance shall initiate a review with respect to the real
37 property in a qualifying county or a township in a qualifying county, or

a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

(1) the total assessed valuation of the real property within the qualifying county or township; and

(2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(k) If:

(1) the variance determined under subsection (j) exceeds ten percent (10%); and

(2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(l) If the variance determined under subsection (j) is ten percent (10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

(1) sections 9 and 10 of this chapter; or

(2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

(1) the time of the hearing;

(2) the location of the hearing; and

(3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

(n) If the department of local government finance determines after

1 the hearing that property should be reassessed under this section, the
2 department shall:

- 3 (1) cause the property to be reassessed under this section;
- 4 (2) mail a certified notice of its final determination to the county
- 5 auditor of the qualifying county in which the property is located;
- 6 and
- 7 (3) notify the taxpayer by mail of its final determination.

8 (o) A reassessment may be made under this section only if the notice
9 of the final determination under subsection (m) is given to the taxpayer
10 within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

11 (p) If the department of local government finance contracts for a
12 special reassessment of property under this section, the qualifying
13 county shall pay the bill, without appropriation, from the county
14 property reassessment fund. A contractor may periodically submit bills
15 for partial payment of work performed under a contract.
16 Notwithstanding any other law, a contractor is entitled to payment
17 under this subsection for work performed under a contract if the
18 contractor:

- 19 (1) submits, in the form required by IC 5-11-10-1, a fully
- 20 itemized, certified bill for the costs under the contract of the work
- 21 performed to the department of local government finance for
- 22 review;
- 23 (2) obtains from the department of local government finance:
- 24 (A) approval of the form and amount of the bill; and
- 25 (B) a certification that the billed goods and services billed for
- 26 payment have been received and comply with the contract; and
- 27 (3) files with the county auditor of the qualifying county:
- 28 (A) a duplicate copy of the bill submitted to the department of
- 29 local government finance;
- 30 (B) the proof of approval provided by the department of local
- 31 government finance of the form and amount of the bill that
- 32 was approved; and
- 33 (C) the certification provided by the department of local
- 34 government finance that indicates that the goods and services
- 35 billed for payment have been received and comply with the
- 36 contract.

37 An approval and a certification under subdivision (2) shall be treated as

1 conclusively resolving the merits of the claim. Upon receipt of the
2 documentation described in subdivision (3), the county auditor shall
3 immediately certify that the bill is true and correct without further audit,
4 publish the claim as required by IC 36-2-6-3, and submit the claim to
5 the county executive of the qualifying county. The county executive
6 shall allow the claim, in full, as approved by the department of local
7 government finance without further examination of the merits of the
8 claim in a regular or special session that is held not less than three (3)
9 days and not more than seven (7) days after completion of the
10 publication requirements under IC 36-2-6-3. Upon allowance of the
11 claim by the county executive, the county auditor shall immediately
12 issue a warrant or check for the full amount of the claim approved by
13 the department of local government finance. Compliance with this
14 subsection shall be treated as compliance with section 28.5 of this
15 chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination
16 and payment of a claim in compliance with this subsection is not
17 subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do
18 not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to
19 a fiscal officer who pays a claim in compliance with this subsection.

20 (q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide
21 information requested in writing by the department of local government
22 finance or the department's contractor under this section not later than
23 seven (7) days after receipt of the written request from the department
24 or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5)
25 fails to provide the requested information within the time permitted in
26 this subsection, the department of local government finance or the
27 department's contractor may seek an order of the tax court under
28 IC 33-3-5-2.5 for production of the information.

29 (r) The provisions of this section are severable in the manner
30 provided in IC 1-1-1-8(b).

31 (s) A contract entered into under subsection (e) is subject to this
32 subsection. A contractor shall use the land values determined for the
33 qualifying county under section 13.6 of this chapter (**before its repeal**)
34 to the extent that the contractor finds that the land values reflect the
35 true tax value of land, as determined under the statutes and the rules of
36 the department of local government finance. If the contractor finds that
37 the land values determined for the qualifying county under section 13.6

1 of this chapter **(before its repeal)** do not reflect the true tax value of
 2 land, the contractor shall determine land values for the qualifying county
 3 that reflect the true tax value of land, as determined under the statutes
 4 and the rules of the department of local government finance. The land
 5 values determined by the contractor shall be used to the same extent as
 6 if the land values had been determined under section 13.6 of this
 7 chapter **(before its repeal)**. The contractor shall notify the county
 8 assessor and the township assessors in the qualifying county of the land
 9 values as modified under this subsection. This subsection expires June
 10 30, 2004.

11 (t) A contractor acting under a contract under subsection (e) may
 12 notify the department of local government finance if:

13 (1) the county auditor fails to:

14 (A) certify the bill;

15 (B) publish the claim;

16 (C) submit the claim to the county executive; or

17 (D) issue a warrant or check;

18 as required in subsection (h) at the first opportunity the county
 19 auditor is legally permitted to do so;

20 (2) the county executive fails to allow the claim as required in
 21 subsection (h) at the first opportunity the county executive is
 22 legally permitted to do so; or

23 (3) a person or entity authorized to act on behalf of the county
 24 takes or fails to take an action, including failure to request an
 25 appropriation, and that action or failure to act delays or halts the
 26 process under this section for payment of a bill submitted by a
 27 contractor under subsection (h).

28 This subsection expires June 30, 2004.

29 (u) The department of local government finance, upon receiving
 30 notice under subsection (t) from the contractor, shall:

31 (1) verify the accuracy of the contractor's assertion in the notice
 32 that:

33 (A) a failure occurred as described in subsection (t)(1) or
 34 (t)(2); or

35 (B) a person or entity acted or failed to act as described in
 36 subsection (t)(3); and

37 (2) provide to the treasurer of state the department of local

government finance's approval under subsection (h)(2)(A) of the bill with respect to which the contractor gave notice under subsection (t).

This subsection expires June 30, 2004.

(v) Upon receipt of the approval of the department of local government finance under subsection (u), the treasurer of state shall pay the contractor the amount of the bill approved by the department of local government finance from money in the possession of the state that would otherwise be available for distribution to the qualifying county, including distributions from the property tax replacement fund or distributions of admissions taxes or wagering taxes. This subsection expires June 30, 2004.

(w) The treasurer of state shall withhold from the part attributable to the county of the next distribution to the county treasurer under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10. This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006."

Page 10, line 24, after "chapter" insert **"(before its repeal)"**.

Page 10, line 29, after "chapter" insert **"(before its repeal)"**.

Page 10, line 35, after "chapter" delete "." and insert **"(before its repeal)." .**

Page 12, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 9. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 39. (a) For assessment dates

after February ~~28, 2005~~, **29, 2004**, except as provided in subsection (c) **and IC 6-1.1-6.9-1**, the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four (4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method.

SECTION 10. IC 6-1.1-4-40 IS ADDED TO THE INDIANACODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 40. (a) As used in this section:**

(1) "Appendix C" refers to the Real Property Assessment Guidelines for 2002, Book 1, Appendix C, issued by the department of local government finance;

(2) "Appendix G" refers to the Real Property Assessment Guidelines for 2002, Book 2, Appendix G, issued by the department of local government finance; and

(3) "location cost multiplier" means:

(A) any multiplier or factor designed to account in the real property assessment process for variances in construction costs among jurisdictions; or

(B) a multiplier or factor determined for the same purposes and in the same manner as a location cost multiplier:

(i) determined by a county assessor as described in Appendix C or Appendix G; or

(ii) contained in Table G-1 to Appendix C or Table G-1 to Appendix G.

(b) A location cost multiplier may not be used in the assessment of real property for assessments after December 31, 2008.

SECTION 11. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for ~~the purposes established in IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for ~~the purposes established in IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

SECTION 12. IC 6-1.1-6.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:

Chapter 6.9. Low Income Rental Housing; Assessment

Sec. 1. The true tax value of low income rental housing shall be determined using the capitalization of income method of valuation.

Sec. 2. The value of any tax credits or other government subsidies, including below market financing, granted for the construction, conversion, or use of property as low income housing may not be considered in determining the true tax value of the

property regardless of whether the credits or other subsidies are made available, directly or indirectly, to compensate the owner for the rental of low income housing at a rate that is less than the fair market rental rate for the property.

SECTION 13. IC 6-1.1-12.1-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 15. Notwithstanding the enactment of P.L.245-2003 and P.L.256-2003, the duties under this chapter that are transferred from the department of local government finance to county auditors by the acts referred to in this section shall be performed by the department of local government finance for actions related to the granting of deductions for property taxes first due and payable in 2006.**

SECTION 14. IC 6-1.1-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. ~~The powers granted to each county property tax assessment board of appeals under this chapter apply only to the tangible property assessments made with respect to the last preceding assessment date.~~** Before a county property tax assessment board of appeals changes any valuation or adds any tangible property and the value of it to a return or the assessment rolls under this chapter, the board shall give prior notice by mail to the taxpayer. The notice must state a time when and place where the taxpayer may appear before the board. The time stated in the notice must be at least ten (10) days after the date the notice is mailed.

SECTION 15. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6. A county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county:**

- (1) after March 1 in the year in which ~~the~~ a general reassessment of real property becomes effective under IC 6-1.1-4-4; or**
- (2) in other years under the rules of the department of local government finance concerning:**

(A) equalization under IC 6-1.1-14; and

(B) annual adjustments under IC 6-1.1-4-4.5.

The county assessor shall make any changes, whether increases or

decreases, in the assessed values which are necessary in order to equalize these values in and between the various townships of the county. In addition, the county assessor shall determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in and between the townships of the county.

SECTION 16. IC 6-1.1-13-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. **(a)** If a county assessor proposes to change assessments under section 6 of this chapter, the property tax assessment board of appeals shall hold a hearing on the proposed changes:

(1) before July 15 in ~~the~~ a year in which a general assessment is to commence; becomes effective; or

(2) in other years under the rules of the department of local government finance concerning:

(A) equalization under IC 6-1.1-14; and

(B) annual adjustments under IC 6-1.1-4-4.5.

(b) It is sufficient notice of ~~the~~ a hearing **under subsection (a)** and of any changes in assessments ordered by the board subsequent to the hearing if the board gives notice by publication once either in:

(1) two (2) newspapers which represent different political parties and which are published in the county; or

(2) one (1) newspaper only, if two (2) newspapers which represent different political parties are not published in the county.

SECTION 17. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local government finance shall review the assessments of all tangible property made by the various counties of this state. **The department of local government finance may employ qualified professional appraisers and other professionals to assist in the review.** If the department of local government finance determines that the assessment of a county appears to be improper, the department shall mail a certified notice to the auditor of the county informing the auditor of the department's determination to consider the modification of that county's assessment. The notice shall state whether the modification to be considered is related to real property, personal property, or both. The notice shall also state a day,

at least ten (10) days after the day the notice is mailed, when a hearing on the assessment will be held. In addition to the notice to the county auditor, the department of local government finance shall give the notice, if any, required under section 9(a) of this chapter.

SECTION 18. IC 6-1.1-15-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) This section applies to an assessment of real property used as residential property for an assessment date after February 28, 2002.**

(b) Notwithstanding IC 6-1.1-31-6(c), for purposes of:

(1) a review or an appeal under this chapter; or

(2) a hearing or an appeal under IC 6-1.1-4;

a taxpayer may state as a basis for the review that the assessed value determined by the assessing officials for the property exceeds the property's fair market value on the determination date used to value the property under the rules of the department of local government finance. If a taxpayer presents competent evidence of the property's fair market value in a review, the property shall be assessed at a value that does not exceed its fair market value.

SECTION 19. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners and in the form required by the department of local government finance, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:**

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political

subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and

(5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 20. IC 6-1.1-17-20, AS AMENDED BY P.L.1-2004, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy for the taxing unit for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) **This subsection does not apply to a public library.** If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall

be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

(d) **This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

(e) **This subsection applies to a taxing unit that is a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(f)~~ (f) The fiscal body of the city, town, or county (whichever applies) **or the fiscal body designated under IC 20-14-14 (in the case of a public library)** shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy."

Page 13, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 23. IC 6-1.1-18.5-21 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 21. (a) As used in this section, "department" refers to the department of local government finance.**

(b) As used in this section, "municipality" has the meaning set forth in IC 36-1-2-11.

(c) Notwithstanding section 1 of this chapter, for all computations under section 3 of this chapter for ensuing calendar year 2005, a municipality's "maximum permissible ad valorem property tax levy for the preceding calendar year" is the greater of:

(1) the amount determined under this section; or

(2) the amount determined under the definition of "maximum permissible ad valorem property tax levy for the preceding calendar year" in section 1 of this chapter.

(d) Except as provided in subsection (c)(1), a municipality's maximum permissible ad valorem property tax levy for the preceding calendar year for purposes of computing a municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2005 is equal to the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2002, after eliminating the effects of temporary excessive levy appeals and temporary adjustments to the maximum permissible ad valorem property tax levy, as determined by the department.

STEP TWO: Multiply the STEP ONE amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2003.

STEP THREE: Multiply the STEP TWO amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2004.

SECTION 24. IC 6-1.1-19-1.5, AS AMENDED BY P.L.1-2004, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the department of local government finance for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for a calendar year beginning after December 31, 2004, impose a general fund ad valorem property tax levy which

1 exceeds the following:

2 STEP ONE: Determine the result of:

3 (A) the school corporation's adjusted target property tax rate;

4 minus

5 (B) the school corporation's previous year property tax rate.

6 STEP TWO: If the school corporation's adjusted target property

7 tax rate:

8 (A) exceeds the school corporation's previous year property

9 tax rate, perform the calculation under STEP THREE and not

10 under STEP FOUR;

11 (B) is less than the school corporation's previous year property

12 tax rate, perform the calculation under STEP FOUR and not

13 under STEP THREE; or

14 (C) equals the school corporation's previous year property tax

15 rate, determine the levy resulting from using the school

16 corporation's adjusted target property tax rate and do not

17 perform the calculation under STEP THREE or STEP FOUR.

18 STEP THREE: Determine the levy resulting from using the school

19 corporation's previous year property tax rate after increasing the

20 rate by the lesser of:

21 (A) the STEP ONE result; or

22 (B) five cents (\$0.05).

23 STEP FOUR: Determine the levy resulting from using the school

24 corporation's previous year property tax rate after reducing the

25 rate by the lesser of:

26 (A) the absolute value of the STEP ONE result; or

27 (B) five cents (\$0.05).

28 STEP FIVE: Determine the result of:

29 (A) the STEP TWO (C), STEP THREE, or STEP FOUR result,

30 whichever applies; plus

31 (B) an amount equal to the annual decrease in federal aid to

32 impacted areas from the year preceding the ensuing calendar

33 year by three (3) years to the year preceding the ensuing

34 calendar year by two (2) years.

35 The maximum levy is to include the portion of any excessive levy

36 and the levy for new facilities.

37 STEP SIX: Determine the result of:

- 1 (A) the STEP FIVE result; plus
 2 (B) the product of:
 3 (i) the weighted average of the amounts determined under
 4 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
 5 attended by students who have legal settlement in the school
 6 corporation; multiplied by
 7 (ii) thirty-five hundredths (0.35).
 8 In determining the number of students for purposes of this
 9 STEP, each kindergarten pupil shall be counted as one-half
 10 (1/2) pupil.
 11 The result determined under this STEP may not be included in the
 12 school corporation's adjusted base levy for the year following the
 13 year in which the result applies or in the school corporation's
 14 determination of tuition support.
 15 (c) For purposes of this section, "total assessed value" with respect
 16 to a school corporation means the total assessed value of all taxable
 17 property for ad valorem property taxes first due and payable during that
 18 year.
 19 (d) The department of local government finance shall annually
 20 establish an assessment ratio and adjustment factor for each school
 21 corporation to be used upon the review and recommendation of the
 22 budget committee. The information compiled, including background
 23 documentation, may not be used in a:
 24 (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,
 25 IC 6-1.1-14, or IC 6-1.1-15;
 26 (2) petition for a correction of error under IC 6-1.1-15-12; or
 27 (3) petition for refund under IC 6-1.1-26.
 28 (e) All tax rates shall be computed by rounding the rate to the nearest
 29 ~~one-hundredth~~ **ten-thousandth** of a cent (~~\$0.0001~~). (**\$0.000001**). All
 30 tax levies shall be computed by rounding the levy to the nearest dollar
 31 amount.
 32 (f) For the calendar year beginning January 1, 2004, and ending
 33 December 31, 2004, a school corporation may impose a general fund
 34 ad valorem property tax levy in the amount determined under STEP
 35 EIGHT of the following formula:
 36 STEP ONE: Determine the quotient of:
 37 (A) the school corporation's 2003 assessed valuation; divided

1 by
2 (B) the school corporation's 2002 assessed valuation.
3 STEP TWO: Determine the greater of zero (0) or the difference
4 between:
5 (A) the STEP ONE amount; minus
6 (B) one (1).
7 STEP THREE: Determine the lesser of eleven-hundredths (0.11)
8 or the product of:
9 (A) the STEP TWO amount; multiplied by
10 (B) eleven-hundredths (0.11).
11 STEP FOUR: Determine the sum of:
12 (A) the STEP THREE amount; plus
13 (B) one (1).
14 STEP FIVE: Determine the product of:
15 (A) the STEP FOUR amount; multiplied by
16 (B) the school corporation's general fund ad valorem property
17 tax levy for calendar year 2003.
18 STEP SIX: Determine the lesser of:
19 (A) the STEP FIVE amount; or
20 (B) the levy resulting from using the school corporation's
21 previous year property tax rate after increasing the rate by five
22 cents (\$0.05).
23 STEP SEVEN: Determine the result of:
24 (A) the STEP SIX amount; plus
25 (B) an amount equal to the annual decrease in federal aid to
26 impacted areas from the year preceding the ensuing calendar
27 year by three (3) years to the year preceding the ensuing
28 calendar year by two (2) years.
29 The maximum levy is to include the part of any excessive levy and
30 the levy for new facilities.
31 STEP EIGHT: Determine the result of:
32 (A) the STEP SEVEN result; plus
33 (B) the product of:
34 (i) the weighted average of the amounts determined under
35 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
36 attended by students who have legal settlement in the school
37 corporation; multiplied by

1 (ii) thirty-five hundredths (0.35).

2 In determining the number of students for purposes of this
3 STEP, each kindergarten pupil shall be counted as one-half
4 (1/2) pupil.

5 The result determined under this STEP may not be included in the
6 school corporation's adjusted base levy for the year following the
7 year in which the result applies or in the school corporation's
8 determination of tuition support."

9 Page 16, line 1, after "engineer," insert "**a surveyor**,".

10 Page 16, between lines 19 and 20, begin a new paragraph and insert:

11 "SECTION 27. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003,
12 SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12,
13 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
14 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department
15 shall allocate from the property tax replacement fund an amount equal
16 to the sum of:

17 (1) each county's total eligible property tax replacement amount
18 for that year; plus

19 (2) the total amount of homestead tax credits that are provided
20 under IC 6-1.1-20.9 and allowed by each county for that year;
21 plus

22 (3) an amount for each county that has one (1) or more taxing
23 districts that contain all or part of an economic development
24 district that meets the requirements of section 5.5 of this chapter.
25 This amount is the sum of the amounts determined under the
26 following STEPS for all taxing districts in the county that contain
27 all or part of an economic development district:

28 STEP ONE: Determine that part of the sum of the amounts
29 under section 2(g)(1)(A) and 2(g)(2) of this chapter that is
30 attributable to the taxing district.

31 STEP TWO: Divide:

32 (A) that part of the subdivision (1) amount that is attributable
33 to the taxing district; by

34 (B) the STEP ONE sum.

35 STEP THREE: Multiply:

36 (A) the STEP TWO quotient; times

37 (B) the taxes levied in the taxing district that are allocated to

1 a special fund under IC 6-1.1-39-5.

2 (b) Except as provided in subsection (e), between March 1 and
3 August 31 of each year, the department shall distribute to each county
4 treasurer from the property tax replacement fund one-half (1/2) of the
5 estimated distribution for that year for the county. Between September
6 1 and December 15 of that year, the department shall distribute to each
7 county treasurer from the property tax replacement fund the remaining
8 one-half (1/2) of each estimated distribution for that year. The amount
9 of the distribution for each of these periods shall be according to a
10 schedule determined by the property tax replacement fund board under
11 section 10 of this chapter. The estimated distribution for each county
12 may be adjusted from time to time by the department to reflect any
13 changes in the total county tax levy upon which the estimated
14 distribution is based.

15 (c) On or before December 31 of each year or as soon thereafter as
16 possible, the department shall make a final determination of the amount
17 which should be distributed from the property tax replacement fund to
18 each county for that calendar year. This determination shall be known
19 as the final determination of distribution. The department shall distribute
20 to the county treasurer or receive back from the county treasurer any
21 deficit or excess, as the case may be, between the sum of the
22 distributions made for that calendar year based on the estimated
23 distribution and the final determination of distribution. The final
24 determination of distribution shall be based on the auditor's abstract filed
25 with the auditor of state, adjusted for postabstract adjustments included
26 in the December settlement sheet for the year, and such additional
27 information as the department may require.

28 (d) All distributions provided for in this section shall be made on
29 warrants issued by the auditor of state drawn on the treasurer of state.
30 If the amounts allocated by the department from the property tax
31 replacement fund exceed in the aggregate the balance of money in the
32 fund, then the amount of the deficiency shall be transferred from the
33 state general fund to the property tax replacement fund, and the auditor
34 of state shall issue a warrant to the treasurer of state ordering the
35 payment of that amount. However, any amount transferred under this
36 section from the general fund to the property tax replacement fund
37 shall, as soon as funds are available in the property tax replacement

fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the ~~department auditor of state~~ shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable under subsection (b), subsection (c), and section 10 of this chapter ~~the money attributable to the county's property reassessment fund~~ if:

(1) by the date the distribution is scheduled to be made, ~~(1)~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

(2) *by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; or*

~~(2)~~ (3) *the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).*

The auditor of state shall consider the provision of information referred to in this subsection to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subdivisions (1) and (2), not in the form required by the department of local government finance. The withholding under this subsection of two percent (2%) of money otherwise distributable under section 10 of this chapter applies separately to each distribution referred to in section 10(b) of this chapter.

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the ~~state board or the department~~ auditor of state shall not distribute to the county treasurer two percent (2%) of the money otherwise distributable to the county treasurer under ~~subsection~~ subsections

(b) ~~and (c)~~ and section 10 of this chapter. ~~a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by August 1 October 1 as described in this section bears to the total number of townships in the county.~~

(g) Money not distributed ~~under subsection (e)~~ *for the reasons stated in subsection (e)(1), ~~and~~ (e)(2), and (e)(3)* shall be distributed to the county when:

(1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; ~~and~~

(2) **the county auditor transmits data as required under IC 36-2-9-20; and**

(3) *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send, **transmit**, *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; *or*

(B) *a county assessor to forward copies of all approved exemption applications;*

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 28. IC 6-1.1-21-5.7 IS ADDED TO THE INDIANA

CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]: **Sec. 5.7. (a) The following definitions apply
throughout this section:**

**(1) "General reassessment" refers to a general reassessment
of real property under IC 6-1.1-4-4.**

**(2) "Homestead" has the meaning set forth in
IC 6-1.1-20.9-1(2).**

**(3) "Household income" means the combined adjusted gross
income of the qualifying individual and the individual's
spouse.**

**(4) "Net property tax bill" means the amount of property
taxes currently due and payable in a particular calendar year
after the application of all deductions and credits, except for
the credit provided by this section, as evidenced by the tax
statements referred to in IC 6-1.1-22-8.**

(5) "Qualifying homestead" means a homestead for which:

**(A) the amount of the net property tax bill for the tax
liability referred to in subdivision (6)(B) is at least two
hundred percent (200%) of the amount of the net
property tax bill for the tax liability referred to in
subdivision (6)(A); and**

(B) the difference between:

**(i) the assessed value on which the tax liability referred
to in subdivision (6)(A) is based; and**

**(ii) the assessed value on which the tax liability referred
to in subdivision (6)(B) is based;**

**is attributable only to the general reassessment and not
to any other factor that affects the assessed value.**

(6) "Qualifying individual" means an individual:

**(A) who is liable for the payment of property taxes on a
homestead for property taxes first due and payable in
2002;**

**(B) who is liable for the payment of property taxes on the
homestead for property taxes first due and payable in
2004; and**

1 (C) whose adjusted gross income for the qualifying
2 individual's most recent taxable year that ends before the
3 date on which the claim is filed under subsection (f) does
4 not exceed forty thousand dollars (\$40,000).

5 (b) In a county in which the county adjusted gross income tax
6 is in effect on January 1, 2004, the county fiscal body may adopt
7 an ordinance before May 1, 2004, to authorize the allowance of the
8 credit under this section for property taxes first due and payable
9 in 2005, property taxes first due and payable in 2006, or both. In
10 a county in which the county adjusted gross income tax is in effect
11 on January 1, 2005, the county fiscal body may adopt an ordinance
12 before April 1, 2005, to authorize the allowance of the credit under
13 this section for property taxes first due and payable in 2006. An
14 ordinance under this subsection to authorize the allowance of the
15 credit under this section is valid only if the county fiscal body
16 concurrently adopts an ordinance under IC 6-3.5-1.1-3.8. Upon
17 adoption of an ordinance to authorize the allowance of the credit
18 under this section, the county fiscal body shall immediately send
19 a certified copy of the ordinance to:

- 20 (1) the county auditor; and
21 (2) the department of state revenue.

22 (c) In a county in which the county option income tax is in
23 effect on January 1, 2004, the county income tax council may
24 adopt an ordinance before May 1, 2004, to authorize the allowance
25 of the credit under this section for property taxes first due and
26 payable in 2005, property taxes first due and payable in 2006, or
27 both. In a county in which the county option income tax is in
28 effect on January 1, 2005, the county income tax council may
29 adopt an ordinance before April 1, 2005, to authorize the
30 allowance of the credit under this section for property taxes first
31 due and payable in 2006. An ordinance under this subsection to
32 authorize the allowance of the credit under this section is valid
33 only if the county income tax council concurrently adopts an
34 ordinance under IC 6-3.5-6-9.7. Upon adoption of an ordinance to
35 authorize the allowance of the credit under this section, the

1 county auditor shall immediately send a certified copy of the
2 ordinance to the department of state revenue.

3 (d) In a county in which a credit is authorized under subsection
4 (b) or (c), a qualifying individual may receive a credit as provided
5 in subsections (e) through (i) against the net property tax bill with
6 respect to the individual's qualifying homestead for property taxes
7 first due and payable in the year or years specified in the
8 authorizing ordinance. If the qualifying individual resides in the
9 qualifying homestead with the individual's spouse, those
10 individuals are together entitled to one (1) credit under this
11 section for the qualifying homestead.

12 (e) The amount of the credit for property taxes first due and
13 payable in:

14 (1) 2005 is one hundred percent (100%); and

15 (2) 2006 is fifty percent (50%);

16 of the amount by which the tax liability referred to in subsection
17 (a)(6)(B) exceeds the tax liability referred to in subsection
18 (a)(6)(A).

19 (f) An individual or an individual and the individual's spouse
20 who desire to claim the credit provided by this section must file a
21 certified statement in duplicate, on forms prescribed by the
22 department of local government finance, with the auditor of the
23 county in which the qualifying homestead is located. With respect
24 to real property, the statement must be filed during the twelve
25 (12) months preceding May 11 of the year before the year for
26 which the individual wishes to obtain the credit under this section.
27 For a mobile home that is not assessed as real property or a
28 manufactured home that is not assessed as real property, the
29 statement must be filed during the twelve (12) months preceding
30 March 2 of the year for which the individual wishes to obtain the
31 credit under this section. The statement must contain the
32 following information:

33 (1) The full name or names and complete address of the
34 qualifying individual or the qualifying individual and the
35 individual's spouse.

- 1 **(2) A description of the qualifying homestead.**
- 2 **(3) The amount of:**
 - 3 **(A) the qualifying individual's adjusted gross income**
 - 4 **referred to in subsection (a)(6)(C); or**
 - 5 **(B) the household income of the qualifying individual and**
 - 6 **the individual's spouse.**
- 7 **(4) The name of any other county and township in which the**
- 8 **qualifying individual or the individual's spouse owns or is**
- 9 **buying on contract:**
 - 10 **(A) real property; or**
 - 11 **(B) a:**
 - 12 **(i) mobile home; or**
 - 13 **(ii) manufactured home;**
 - 14 **that is not assessed as real property.**
- 15 **(5) The record number and page where the contract or**
- 16 **memorandum of the contract is recorded if the qualifying**
- 17 **homestead is under contract purchase.**
- 18 **(6) Any other information required by the department of**
- 19 **local government finance.**
- 20 **(g) The auditor of a county with whom a statement is filed**
- 21 **under subsection (f) shall immediately prepare and transmit a**
- 22 **copy of the statement to the auditor of any other county if the**
- 23 **qualifying individual who claims the credit or the qualifying**
- 24 **individual's spouse owns or is buying property located in the other**
- 25 **county as described in subsection (f)(4). The auditor of the other**
- 26 **county described in subsection (f)(4) shall note on the copy of the**
- 27 **statement whether a credit has been claimed under this section**
- 28 **for a qualifying homestead located in the auditor's county. The**
- 29 **auditor shall then return the copy to the auditor of the first**
- 30 **county.**
- 31 **(h) If a proper statement is filed under subsection (f), the**
- 32 **county auditor shall allow the credit and shall apply the credit**
- 33 **equally against each installment of property taxes. The county**
- 34 **auditor shall include the amount of the credit applied against each**
- 35 **installment of property taxes on the tax statement required under**

1 **IC 6-1.1-22-8.**

2 (i) If an individual knowingly or intentionally files a false
3 statement under this section, the individual must pay the amount
4 of any credit the individual received because of the false
5 statement plus interest at the rate of ten percent (10%) per year
6 to the county auditor for distribution to the taxing units of the
7 county in the same proportion that property taxes are distributed.

8 SECTION 29. IC 6-1.1-21-5.8 IS ADDED TO THE INDIANA
9 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
10 UPON PASSAGE]: Sec. 5.8. (a) The following definitions apply
11 throughout this section:

12 (1) "Adjusted gross income" has the meaning set forth in
13 IC 6-3-1-3.5.

14 (2) "Dwelling" has the meaning set forth in
15 IC 6-1.1-20.9-1(1).

16 (3) "Homestead" has the meaning set forth in
17 IC 6-1.1-20.9-1(2).

18 (4) "Household income" means the combined adjusted gross
19 income of the qualifying individual and the individual's
20 spouse.

21 (5) "Net property tax bill" means the amount of property
22 taxes currently due and payable in a particular calendar year
23 after the application of all deductions and credits, except for
24 the credit provided by this section, as evidenced by the tax
25 statement referred to in IC 6-1.1-22-8.

26 (6) "Qualifying homestead" means a homestead:

27 (A) that a qualifying individual owned; or

28 (B) on which a qualifying individual assumed liability for
29 the payment of property taxes;

30 at least five (5) years before the assessment date for the
31 homestead in the year for which the individual wishes to
32 obtain the credit under this section and that has an assessed
33 value of not more than one hundred fifty thousand dollars
34 (\$150,000) as of the assessment date for the homestead in
35 the year that immediately precedes the year for which the

1 individual wishes to obtain the credit under this section.

2 (7) "Qualifying individual" means an individual who is liable
3 for the payment of property taxes on a qualifying homestead.

4 (8) "Taxable year" has the meaning set forth in IC 6-3-1-16.

5 (b) In a county in which the county adjusted gross income tax
6 is in effect on January 1, the county fiscal body may adopt an
7 ordinance before May 1, 2004, or before April 1 of any following
8 year to authorize the allowance of the credit under this section for
9 property taxes first due and payable in the immediately following
10 calendar year. An ordinance under this subsection to authorize
11 the allowance of the credit under this section is valid only if the
12 county fiscal body concurrently adopts an ordinance under
13 IC 6-3.5-1.1-3.8. Upon adoption of an ordinance to authorize the
14 allowance of the credit under this section, the county fiscal body
15 shall immediately send a certified copy of the ordinance to:

16 (1) the county auditor; and

17 (2) the department of state revenue.

18 (c) In a county in which the county option income tax is in
19 effect on January 1, the county income tax council may adopt an
20 ordinance before May 1, 2004, or before April 1 of any following
21 year to authorize the allowance of the credit under this section for
22 property taxes first due and payable in the immediately following
23 calendar year. An ordinance under this subsection to authorize
24 the allowance of the credit under this section is valid only if the
25 county income tax council concurrently adopts an ordinance under
26 IC 6-3.5-6-9.7. Upon adoption of an ordinance to authorize the
27 allowance of the credit under this section, the county auditor shall
28 immediately send a certified copy of the ordinance to the
29 department of state revenue.

30 (d) Except as provided in subsection (e), in a county in which a
31 credit is authorized under subsection (b) or (c), each year a
32 qualifying individual may receive a credit against the net property
33 tax bill on the individual's qualifying homestead. The amount of
34 the credit to which a qualifying individual is entitled equals the
35 lesser of fifty percent (50%) of the amount of the net property tax

1 bill on the individual's qualifying homestead or the remainder of:

2 (1) the amount of the net property tax bill without the
3 application of the credit provided by this section; minus

4 (2) the following percentage of the qualifying individual's
5 adjusted gross income for the qualifying individual's most
6 recent taxable year that ends before the date on which the
7 claim is filed under subsection (f):

8 (A) Ten percent (10%) if the adjusted gross income is less
9 than twenty thousand dollars (\$20,000).

10 (B) Four percent (4%) if the adjusted gross income is at
11 least twenty thousand dollars (\$20,000) but less than fifty
12 thousand dollars (\$50,000).

13 (e) If the qualifying individual resides in the qualifying
14 homestead with the individual's spouse, those individuals are
15 together entitled to one (1) credit under this section for the
16 qualifying homestead. The amount of the credit is determined
17 under subsection (b), except that the household income is
18 substituted for the qualifying individual's adjusted gross income.

19 (f) An individual or an individual and the individual's spouse
20 who desire to claim the credit provided by this section must file a
21 certified statement in duplicate on forms prescribed by the
22 department of local government finance with the auditor of the
23 county in which the qualifying homestead is located. With respect
24 to real property, the statement must be filed during the twelve
25 (12) months preceding May 11 of the year before the year for
26 which the individual wishes to obtain the credit under this section.
27 For a mobile home that is not assessed as real property or a
28 manufactured home that is not assessed as real property, the
29 statement must be filed during the twelve (12) months preceding
30 March 2 of the year for which the individual wishes to obtain the
31 credit under this section. The statement must contain the
32 following information:

33 (1) The full name or names and complete address of the
34 qualifying individual or the qualifying individual and the
35 individual's spouse.

- 1 **(2) A description of the qualifying homestead.**
- 2 **(3) The amount of:**
 - 3 **(A) the qualifying individual's adjusted gross income**
 - 4 **referred to in subsection (d)(2); or**
 - 5 **(B) if subsection (e) applies, the household income**
 - 6 **referred to in subsection (e) of the qualifying individual**
 - 7 **and the individual's spouse.**
- 8 **(4) The name of any other county and township in which the**
- 9 **qualifying individual or the individual's spouse owns or is**
- 10 **buying on contract:**
 - 11 **(A) real property; or**
 - 12 **(B) a:**
 - 13 **(i) mobile home; or**
 - 14 **(ii) manufactured home;**
 - 15 **that is not assessed as real property.**
- 16 **(5) The record number and page where the contract or**
- 17 **memorandum of the contract is recorded if the qualifying**
- 18 **homestead is under contract purchase.**
- 19 **(6) Any other information required by the department of**
- 20 **local government finance.**
- 21 **(g) The auditor of a county with whom a statement is filed**
- 22 **under subsection (f) shall immediately prepare and transmit a**
- 23 **copy of the statement to the auditor of any other county if the**
- 24 **qualifying individual who claims the credit or the qualifying**
- 25 **individual's spouse owns or is buying property located in the other**
- 26 **county as described in subsection (f)(4). The auditor of the other**
- 27 **county described in subsection (f)(4) shall note on the copy of the**
- 28 **statement whether a credit has been claimed under this section**
- 29 **for a qualifying homestead located in the auditor's county. The**
- 30 **auditor shall then return the copy to the auditor of the first**
- 31 **county.**
- 32 **(h) If a proper statement is filed under subsection (f), the**
- 33 **county auditor shall allow the credit and shall apply the credit**
- 34 **equally against each installment of property taxes. The county**
- 35 **auditor shall include the amount of the credit applied against each**

1 **installment of property taxes on the tax statement required under**
 2 **IC 6-1.1-22-8.**

3 **(i) If an individual knowingly or intentionally files a false**
 4 **statement under this section, the individual must pay the amount**
 5 **of any credit the individual received because of the false**
 6 **statement plus interest at the rate of ten percent (10%) per year**
 7 **to the county auditor for distribution to the taxing units of the**
 8 **county in the same proportion that property taxes are distributed.**

9 SECTION 30. IC 6-1.1-21-7 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a)
 11 Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit
 12 under this chapter or who has properly filed for and is entitled to a
 13 credit under IC 6-1.1-20.9, and who, without taking the credit, pays in
 14 full the taxes to which the credit applies, is entitled to a refund, without
 15 interest, of an amount equal to the amount of the credit. However, if the
 16 taxpayer, at the time a refund is claimed, owes any other taxes, interest,
 17 or penalties payable to the county treasurer to whom the taxes subject
 18 to the credit were paid, then the credit shall be first applied in full or
 19 partial payment of the other taxes, interest, and penalties and the
 20 balance, if any, remaining after that application is available as a refund
 21 to the taxpayer.

22 (b) Any taxpayer entitled to a refund under this section **other than**
 23 **a refund based on the credit under section 5.7 or 5.8 of this**
 24 **chapter** shall be paid that refund from proceeds of the property tax
 25 replacement fund. However, with respect to any refund attributable to
 26 a homestead credit, the refund shall be paid from that fund only to the
 27 extent that the percentage homestead credit the taxpayer was entitled to
 28 receive for a year does not exceed the percentage credit allowed in
 29 IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that
 30 amount shall be paid from the county's revenue distributions received
 31 under IC 6-3.5-6.

32 (c) The state board of accounts shall establish an appropriate
 33 procedure to simplify and expedite the method for claiming these
 34 refunds and for the payments thereof, as provided for in this section,
 35 which procedure is the exclusive procedure for the processing of the
 36 refunds. The procedure shall, however, require the filing of claims for
 37 the refunds by not later than June 1 of the year following the payment

1 of the taxes to which the credit applied."

2 Page 17, between lines 19 and 20, begin a new paragraph and insert:

3 "SECTION 32. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002,
4 SECTION 244, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 UPON PASSAGE]: Sec. 9. In order to perform the duties assigned to
6 it under this chapter, the department of local government finance:

7 (1) shall conduct continuing studies of all property which is
8 subject to assessment in this state;

9 (2) may request access to all local and state official records;

10 (3) may secure information from the federal government or from
11 public or private agencies;

12 (4) **may:**

13 (A) **contract with; and**

14 (B) **rely on findings made by:**

15 **the Indiana Fiscal Policy Institute and professional**
16 **appraisers;**

17 (5) may inspect a person's books, records, or property if the item
18 is relevant to information which the department needs in order to
19 implement this chapter; and

20 ~~(5)~~ (6) may adopt appropriate forms and procedures."

21 Page 22, between lines 23 and 24, begin a new paragraph and insert:

22 "SECTION 34. IC 6-3.5-1.1-2, AS AMENDED BY P.L.42-2003,
23 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 UPON PASSAGE]: Sec. 2. (a) The county council of any county in
25 which the county option income tax will not be in effect on July 1 of
26 a year under an ordinance adopted during a previous calendar year may
27 impose the county adjusted gross income tax on the adjusted gross
28 income of county taxpayers of its county effective July 1 of that year.

29 (b) Except as provided in section 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, or 3.6,
30 **or 3.8** of this chapter, the county adjusted gross income tax may be
31 imposed at a rate of one-half of one percent (0.5%), three-fourths of
32 one percent (0.75%), or one percent (1%) on the adjusted gross income
33 of resident county taxpayers of the county. Any county imposing the
34 county adjusted gross income tax must impose the tax on the
35 nonresident county taxpayers at a rate of one-fourth of one percent
36 (0.25%) on their adjusted gross income. **Except as provided in**
37 **subsection (g) and subject to section 3.1 of this chapter,** if the

1 county council elects to decrease the county adjusted gross income tax,
 2 the county council may decrease the county adjusted gross income tax
 3 rate in increments of one-tenth of one percent (0.1%).

4 (c) To impose the county adjusted gross income tax, the county
 5 council must, after January 1 but before April 1 of a year, adopt an
 6 ordinance. The ordinance must substantially state the following:

7 "The _____ County Council imposes the county adjusted gross
 8 income tax on the county taxpayers of _____ County. The
 9 county adjusted gross income tax is imposed at a rate of _____
 10 percent (____%) on the resident county taxpayers of the county
 11 and one-fourth of one percent (0.25%) on the nonresident county
 12 taxpayers of the county. This tax takes effect July 1 of this year."

13 (d) Any ordinance adopted under this section takes effect July 1 of
 14 the year the ordinance is adopted.

15 (e) The auditor of a county shall record all votes taken on ordinances
 16 presented for a vote under the authority of this section and immediately
 17 send a certified copy of the results to the department by certified mail.

18 (f) If the county adjusted gross income tax had previously been
 19 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
 20 1983) and that tax was in effect at the time of the enactment of this
 21 chapter, then the county adjusted gross income tax continues in that
 22 county at the rates in effect at the time of enactment until the rates are
 23 modified or the tax is rescinded in the manner prescribed by this
 24 chapter. If a county's adjusted gross income tax is continued under this
 25 subsection, then the tax shall be treated as if it had been imposed under
 26 this chapter and is subject to rescission or reduction as authorized in
 27 this chapter.

28 **(g) The county council may adopt an ordinance to decrease the**
 29 **county adjusted gross income tax rate by an increment up to**
 30 **one-fourth of one percent (0.25%) after January 1 but before**
 31 **April 1 of the calendar year that immediately precedes the first**
 32 **calendar year in which the allowance of credits under**
 33 **IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both is discontinued.**

34 SECTION 35. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.170-2002,
 35 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 UPON PASSAGE]: Sec. 3.1. (a) **Except as provided in subsections**
 37 **(b) and (g),** the county council may decrease the county adjusted gross

1 income tax rate imposed upon the resident county taxpayers of the
 2 county. To decrease the rate, the county council must, after January 1
 3 but before April 1 of a year, adopt an ordinance. The ordinance must
 4 substantially state the following:

5 "The _____ County Council decreases the county adjusted
 6 gross income tax rate imposed upon the resident county taxpayers
 7 of the county from _____ percent (____%) to _____ percent
 8 (____%). This tax rate decrease takes effect July 1 of this year."

9 (b) A county council may not decrease the county adjusted gross
 10 income tax rate if the county or any commission, board, department, or
 11 authority that is authorized by statute to pledge the county adjusted
 12 gross income tax has pledged the county adjusted gross income tax for
 13 any purpose permitted by IC 5-1-14 or any other statute.

14 (c) Any ordinance adopted under this section takes effect July 1 of
 15 the year the ordinance is adopted.

16 (d) The auditor of a county shall record all votes taken on
 17 ordinances presented for a vote under the authority of this section and
 18 immediately send a certified copy of the results to the department by
 19 certified mail.

20 (e) Notwithstanding IC 6-3.5-7, and except as provided in
 21 subsection (f), a county council that decreases the county adjusted
 22 gross income tax rate in a year may not in the same year adopt or
 23 increase the county economic development income tax under
 24 IC 6-3.5-7.

25 (f) This subsection applies only to a county having a population of
 26 more than one hundred ten thousand (110,000) but less than one
 27 hundred fifteen thousand (115,000). The county council may adopt or
 28 increase the county economic development income tax rate under
 29 IC 6-3.5-7 in the same year that the county council decreases the
 30 county adjusted gross income tax rate if the county economic
 31 development income tax rate plus the county adjusted gross income tax
 32 rate in effect after the county council decreases the county adjusted
 33 gross income tax rate is less than the county adjusted gross income tax
 34 rate in effect before the adoption of an ordinance under this section
 35 decreasing the rate of the county adjusted gross income tax.

36 **(g) A county council may not decrease the county adjusted**
 37 **gross income tax rate in a calendar year to a rate that is**

1 insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8,
2 or both that are in effect for the immediately following calendar
3 year as provided in section 3.8 of this chapter.

4 SECTION 36. IC 6-3.5-1.1-3.8 IS ADDED TO THE INDIANA
5 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
6 UPON PASSAGE]: Sec. 3.8. (a) In addition to the rates permitted
7 by section 2 of this chapter, a county council that adopts an
8 ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8,
9 or both must impose the county adjusted gross income tax at a
10 rate of not more than twenty-five hundredths percent (0.25%) on
11 the adjusted gross income of county taxpayers to fund those
12 credits. A county council may adopt an ordinance under this
13 subsection during the same period in which the county council
14 may adopt an ordinance under section 2(c) of this chapter.

15 (b) County adjusted gross income tax revenues derived from
16 the tax rate imposed under this section:

17 (1) must be used as described in section 10(e) of this chapter
18 to the extent necessary to fund the credits referred to in
19 subsection (a); and

20 (2) may be used, to the extent the revenues are not
21 necessary to fund the credits referred to in subsection (a), in
22 the same manner that certified shares are used.

23 (c) The auditor of a county shall record all votes taken on
24 ordinances presented for a vote under the authority of this section
25 and immediately send a certified copy of the results to the
26 department by certified mail.

27 SECTION 37. IC 6-3.5-1.1-4 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as**
29 **provided in subsections (e) and (f)**, the county adjusted gross income
30 tax imposed by a county council under this chapter remains in effect
31 until rescinded.

32 (b) Except as provided in subsection (e), the county council may
33 rescind the county adjusted gross income tax by adopting an ordinance
34 to rescind the tax after January 1 but before June 1 of a year.

35 (c) Any ordinance adopted under this section takes effect July 1 of
36 the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

(f) A county council may not rescind the county adjusted gross income tax in a calendar year if credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the immediately following calendar year.

SECTION 38. IC 6-3.5-1.1-9, AS AMENDED BY P.L.267-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and
 (2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;
 as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after

1 reviewing the recommendation of the budget agency, shall certify to the
2 county auditor of each adopting county the amount determined under
3 subsection (a) plus the amount of interest in the county's account that
4 has accrued and has not been included in a certification made in a
5 preceding year. The amount certified is the county's "certified
6 distribution" for the immediately succeeding calendar year. The amount
7 certified shall be adjusted under subsections (c), (d), (e), (f), and (g).
8 The department shall provide with the certification an informative
9 summary of the calculations used to determine the certified distribution.

10 (c) The department shall certify an amount less than the amount
11 determined under subsection (b) if the department, after reviewing the
12 recommendation of the budget agency, determines that the reduced
13 distribution is necessary to offset overpayments made in a calendar year
14 before the calendar year of the distribution. The department, after
15 reviewing the recommendation of the budget agency, may reduce the
16 amount of the certified distribution over several calendar years so that
17 any overpayments are offset over several years rather than in one (1)
18 lump sum.

19 (d) The department, after reviewing the recommendation of the
20 budget agency, shall adjust the certified distribution of a county to
21 correct for any clerical or mathematical errors made in any previous
22 certification under this section. The department, after reviewing the
23 recommendation of the budget agency, may reduce the amount of the
24 certified distribution over several calendar years so that any adjustment
25 under this subsection is offset over several years rather than in one (1)
26 lump sum.

27 (e) The department, after reviewing the recommendation of the
28 budget agency, shall adjust the certified distribution of a county to
29 provide the county with the distribution required under section 10(b) of
30 this chapter.

31 (f) This subsection applies to a county that initially imposes a tax
32 under this chapter in the same calendar year in which the department
33 makes a certification under this section. The department, after
34 reviewing the recommendation of the budget agency, shall adjust the
35 certified distribution of a county to provide for a distribution in the
36 immediately following calendar year and in each calendar year
37 thereafter. The department shall provide for a full transition to

1 certification of distributions as provided in subsection (a)(1) through
2 (a)(2) in the manner provided in subsection (c).

3 (g) The department, after reviewing the recommendation of the
4 budget agency, shall adjust the certified distribution of a county to
5 provide the county with the distribution required under section 3.3 **or**
6 **3.8** of this chapter beginning not later than the tenth month after the
7 month in which additional revenue from the tax authorized under
8 section 3.3 **or 3.8** of this chapter is initially collected.

9 SECTION 39. IC 6-3.5-1.1-10, AS AMENDED BY P.L.42-2003,
10 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 UPON PASSAGE]: Sec. 10. (a) Except as provided in ~~subsection~~
12 **subsections (b) and (e)** one-half (1/2) of each adopting county's
13 certified distribution for a calendar year shall be distributed from its
14 account established under section 8 of this chapter to the appropriate
15 county treasurer on May 1 and the other one-half (1/2) on November
16 1 of that calendar year.

17 (b) This subsection applies to a county having a population of more
18 than one hundred forty-five thousand (145,000) but less than one
19 hundred forty-eight thousand (148,000). Notwithstanding section 9 of
20 this chapter, the initial certified distribution certified for a county under
21 section 9 of this chapter shall be distributed to the county treasurer
22 from the account established for the county under section 8 of this
23 chapter according to the following schedule during the eighteen (18)
24 month period beginning on July 1 of the year in which the county
25 initially adopts an ordinance under section 2 of this chapter:

26 (1) One-fourth (1/4) on October 1 of the year in which the
27 ordinance was adopted.

28 (2) One-fourth (1/4) on January 1 of the calendar year following
29 the year in which the ordinance was adopted.

30 (3) One-fourth (1/4) on May 1 of the calendar year following the
31 year in which the ordinance was adopted.

32 (4) One-fourth (1/4) on November 1 of the calendar year
33 following the year in which the ordinance was adopted.

34 Notwithstanding section 11 of this chapter, the part of the certified
35 distribution received under subdivision (1) that would otherwise be
36 allocated to a civil taxing unit or school corporation as property tax
37 replacement credits under section 11 of this chapter shall be set aside

and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; or

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b), the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

(e) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the allowance of credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both within the county as described in section

3.8 of this chapter. This money shall be distributed to the civil taxing units and school corporations of the county as though the money were derived from property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to that allowance.

SECTION 40. IC 6-3.5-1.1-11, AS AMENDED BY P.L.267-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(6) revenue that must be used to fund credits under section 3.8 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated

as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

PROPERTY		
COUNTY	TAX	
ADJUSTED GROSS	REPLACEMENT	CERTIFIED
INCOME TAX RATE	CREDITS	SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 41. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by the civil taxing unit or school corporation ~~during that in the~~ immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year, plus with respect to a civil taxing unit, the amount of

1 federal revenue sharing funds and certified shares received by
 2 it during ~~that~~ **the immediately preceding** calendar year to the
 3 extent that they ~~are were~~ used to reduce its property tax levy
 4 below the limit imposed by IC 6-1.1-18.5 for that same
 5 calendar year.

6 (B) The denominator of the fraction equals the sum of the total
 7 property taxes ~~being that were~~ **certified to be** collected by all
 8 civil taxing units and school corporations **in the immediately**
 9 **preceding calendar year, as provided in the approved**
 10 **abstract for the immediately preceding calendar year,** plus
 11 the amount of federal revenue sharing funds and certified
 12 shares received by all civil taxing units in the county to the
 13 extent that they ~~are were~~ used to reduce the civil taxing units'
 14 property tax levies below the limits imposed by IC 6-1.1-18.5
 15 for that same calendar year.

16 (c) The department of local government finance shall provide each
 17 county auditor with the amount of property tax replacement credits that
 18 each civil taxing unit and school corporation in the auditor's county is
 19 entitled to receive. The county auditor shall then certify to each civil
 20 taxing unit and school corporation the amount of property tax
 21 replacement credits it is entitled to receive (after adjustment made under
 22 section 13 of this chapter) during that calendar year. The county auditor
 23 shall also certify these distributions to the county treasurer.

24 SECTION 42. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003,
 25 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed levy"
 27 of a civil taxing unit means the sum of:

28 (1) the ad valorem property tax levy of the civil taxing unit that ~~is~~
 29 ~~currently being~~ **was certified to be** collected ~~at the time the~~
 30 ~~allocation is made;~~ **in the immediately preceding calendar year,**
 31 **as provided in the approved abstract for the immediately**
 32 **preceding calendar year;** plus

33 (2) the ~~current~~ ad valorem property tax levy **in the immediately**
 34 **preceding calendar year, as provided in the approved abstract**
 35 **for the immediately preceding calendar year,** of any special
 36 taxing district, authority, board, or other entity formed to

1 discharge governmental services or functions on behalf of or
2 ordinarily attributable to the civil taxing unit; plus

3 (3) the amount of federal revenue sharing funds and certified
4 shares that were used by the civil taxing unit (or any special taxing
5 district, authority, board, or other entity formed to discharge
6 governmental services or functions on behalf of or ordinarily
7 attributable to the civil taxing unit) to reduce its ad valorem
8 property tax levies below the limits imposed by IC 6-1.1-18.5;
9 plus

10 (4) in the case of a county, an amount equal to the property taxes
11 imposed by the county in 1999 for the county's welfare fund and
12 welfare administration fund.

13 (b) The part of a county's certified distribution that is to be used as
14 certified shares shall be allocated only among the county's civil taxing
15 units. Each civil taxing unit of a county is entitled to receive a
16 percentage of the certified shares to be distributed in the county equal
17 to the ratio of its attributed levy to the total attributed levies of all civil
18 taxing units of the county.

19 (c) The local government tax control board established by
20 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing
21 units that are entitled to receive certified shares during a calendar year.
22 If the ad valorem property tax levy of any special taxing district,
23 authority, board, or other entity is attributed to another civil taxing unit
24 under subsection (b)(2), then the special taxing district, authority,
25 board, or other entity shall not be treated as having an attributed levy of
26 its own. The local government tax control board shall certify the
27 attributed levy amounts to the appropriate county auditor. The county
28 auditor shall then allocate the certified shares among the civil taxing
29 units of the auditor's county.

30 (d) Certified shares received by a civil taxing unit shall be treated as
31 additional revenue for the purpose of fixing its budget for the calendar
32 year during which the certified shares will be received. The certified
33 shares may be allocated to or appropriated for any purpose, including
34 property tax relief or a transfer of funds to another civil taxing unit
35 whose levy was attributed to the civil taxing unit in the determination of
36 its attributed levy.

37 SECTION 43. IC 6-3.5-6-2, AS AMENDED BY P.L.267-2003,

SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) increase the homestead credit in its county; ~~or~~
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county; **or**
- (7) impose a county option income tax rate under section 9.7 of this chapter.**

(c) An ordinance adopted in a particular year under this chapter to impose or rescind the county option income tax or to increase its tax rate is effective July 1 of that year.

SECTION 44. IC 6-3.5-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or~~ 2(b)(6), **or 2(b)(7)** of this chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or~~ 2(b)(6), **or 2(b)(7)** of this chapter has been passed, the auditor of the county shall:

- (1) cease distributing proposed ordinances of those types for the rest of the year; and
- (2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the auditor of the county on proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during

1 that same year the auditor of the county received and distributed to the
 2 members of the county income tax council a proposed ordinance whose
 3 passage would have substantially the same effect.

4 SECTION 45. IC 6-3.5-6-8 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county
 6 income tax council of any county in which the county adjusted gross
 7 income tax will not be in effect on July 1 of a year under an ordinance
 8 adopted during a previous calendar year may impose the county option
 9 income tax on the adjusted gross income of county taxpayers of its
 10 county effective July 1 of that same year.

11 (b) **Subject to section 9.7 of this chapter**, the county option
 12 income tax may initially be imposed at a rate of two-tenths of one
 13 percent (0.2%) on the resident county taxpayers of the county and at
 14 a rate of five hundredths of one percent (0.05%) for all other county
 15 taxpayers.

16 (c) To impose the county option income tax, a county income tax
 17 council must, after January 1 but before April 1 of the year, pass an
 18 ordinance. The ordinance must substantially state the following:

19 "The _____ County Income Tax Council imposes the
 20 county option income tax on the county taxpayers of
 21 _____ County. The county option income tax is imposed
 22 at a rate of two-tenths of one percent (0.2%) on the resident
 23 county taxpayers of the county and at a rate of five hundredths of
 24 one percent (0.05%) on all other county taxpayers. This tax takes
 25 effect July 1 of this year."

26 (d) If the county option income tax is imposed on the county
 27 taxpayers of a county, then the county option income tax rate that is in
 28 effect for resident county taxpayers of that county increases by
 29 one-tenth of one percent (0.1%) on each succeeding July 1 until the
 30 rate equals six-tenths of one percent (0.6%).

31 (e) The county option income tax rate in effect **under this section**
 32 for the county taxpayers of a county who are not resident county
 33 taxpayers of that county is at all times one-fourth (1/4) of the tax rate
 34 imposed **under this section** upon resident county taxpayers.

35 (f) The auditor of a county shall record all votes taken on ordinances
 36 presented for a vote under this section and immediately send a certified
 37 copy of the results to the department by certified mail.

SECTION 46. IC 6-3.5-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on January 1 of a calendar year the county option income tax rate **imposed under section 8 of this chapter** in effect for resident county taxpayers equals six tenths of one percent (0.6%), then the county income tax council of that county may after January 1 and before April 1 of that year pass an ordinance to increase its tax rate **imposed under section 8 of this chapter** for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers **imposed under section 8 of this chapter** increases by one tenth of one percent (0.1%) each succeeding July 1 until its rate reaches a maximum of one percent (1%).

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 47. IC 6-3.5-6-9.7 IS ADDED TO THE INDIANACODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.7. (a) **In addition to the rates permitted by section 8 of this chapter, a county income tax council that adopts an ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both must impose the county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers to fund those credits. A county income tax council may adopt an ordinance under this subsection during the same period in which the county income tax council may adopt an ordinance under section 8(c) of this chapter.**

(b) **County option income tax revenues derived from the tax rate imposed under this section:**

(1) **must be retained and used as described in section 18(b) of this chapter to the extent necessary to fund the credits referred to in subsection (a); and**

(2) **may be used, to the extent the revenues are not necessary to fund the credits referred to in subsection (a), in the same manner that other county option income tax revenue is used.**

1 **(c) The auditor of a county shall record all votes taken on**
 2 **ordinances presented for a vote under this section and**
 3 **immediately send a certified copy of the results to the department**
 4 **by certified mail.**

5 SECTION 48. IC 6-3.5-6-12 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county
 7 option income tax imposed by a county income tax council under this
 8 chapter remains in effect until rescinded.

9 (b) Subject to ~~subsection~~ **subsections (c) and (e)**, the county
 10 income tax council of a county may rescind the county option income
 11 tax by passing an ordinance to rescind the tax after January 1 but
 12 before April 1 of a year.

13 (c) A county income tax council may not rescind the county option
 14 income tax or take any action that would result in a civil taxing unit in
 15 the county having a smaller distributive share than the distributive share
 16 to which it was entitled when it pledged county option income tax, if
 17 the civil taxing unit or any commission, board, department, or authority
 18 that is authorized by statute to pledge county option income tax, has
 19 pledged county option income tax for any purpose permitted by
 20 IC 5-1-14 or any other statute.

21 (d) The auditor of a county shall record all votes taken on a
 22 proposed ordinance presented for a vote under the authority of this
 23 section and immediately send a certified copy of the results to the
 24 department by certified mail.

25 **(e) A county income tax council may not rescind the county**
 26 **option income tax in a calendar year if credits under**
 27 **IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the**
 28 **immediately following calendar year.**

29 SECTION 49. IC 6-3.5-6-12.5 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) **Except as**
 31 **provided in subsection (g)**, the county income tax council may adopt
 32 an ordinance to decrease the county option income tax rate in effect.

33 (b) To decrease the county option income tax rate, the county
 34 income tax council must adopt an ordinance after January 1 but before
 35 April 1 of a year. The ordinance must substantially state the following:

36 "The _____ County Income Tax Council decreases the
 37 county option income tax rate from _____ percent (____ %)

to _____ percent (___ %). This ordinance takes effect July 1 of this year."

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect July 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

(g) A county income tax council may not decrease the county option income tax rate in a calendar year to a rate that is insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both that are in effect for the immediately following calendar year as provided in section 9.7 of this chapter.

SECTION 50. IC 6-3.5-6-17, AS AMENDED BY P.L.267-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

- (1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and
- (2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

1 as adjusted (as determined after review of the recommendation of the
2 budget agency) for refunds of county option income tax made in the
3 state fiscal year.

4 (b) Before August 2 of each calendar year, the department, after
5 reviewing the recommendation of the budget agency, shall certify to the
6 county auditor of each adopting county the amount determined under
7 subsection (a) plus the amount of interest in the county's account that
8 has accrued and has not been included in a certification made in a
9 preceding year. The amount certified is the county's "certified
10 distribution" for the immediately succeeding calendar year. The amount
11 certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~
12 (e), **and (i)**. The department shall provide with the certification an
13 informative summary of the calculations used to determine the certified
14 distribution.

15 (c) The department shall certify an amount less than the amount
16 determined under subsection (b) if the department, after reviewing the
17 recommendation of the budget agency, determines that the reduced
18 distribution is necessary to offset overpayments made in a calendar year
19 before the calendar year of the distribution. The department, after
20 reviewing the recommendation of the budget agency, may reduce the
21 amount of the certified distribution over several calendar years so that
22 any overpayments are offset over several years rather than in one (1)
23 lump sum.

24 (d) The department, after reviewing the recommendation of the
25 budget agency, shall adjust the certified distribution of a county to
26 correct for any clerical or mathematical errors made in any previous
27 certification under this section. The department, after reviewing the
28 recommendation of the budget agency, may reduce the amount of the
29 certified distribution over several calendar years so that any adjustment
30 under this subsection is offset over several years rather than in one (1)
31 lump sum.

32 (e) This subsection applies to a county that initially imposed a tax
33 under this chapter in the same calendar year in which the department
34 makes a certification under this section. The department, after
35 reviewing the recommendation of the budget agency, shall adjust the
36 certified distribution of a county to provide for a distribution in the
37 immediately following calendar year and in each calendar year

thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 9.7 of this chapter beginning not later than the sixth month after the month in which additional revenue from the tax authorized under section 9.7 of this chapter is initially collected.

SECTION 51. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of:

(A) an increased homestead credit;

(B) credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both;
within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

1 (6) make distributions of distributive shares to the civil taxing units
2 of a county.

3 (b) The county auditor shall retain from the payments of the
4 county's certified distribution, an amount equal to the revenue lost, if
5 any, due to the ~~increase allowance of the homestead credits or an~~
6 **increased** credit within the county **as described in subsection (a)(1).**
7 This money shall be distributed to the civil taxing units and school
8 corporations of the county as though ~~they were the money were~~
9 **derived from** property tax collections and in such a manner that no
10 civil taxing unit or school corporation shall suffer a net revenue loss due
11 to ~~the that~~ allowance. ~~of an increased homestead credit.~~

12 (c) The county auditor shall retain the amount, if any, specified by
13 the county fiscal body for a particular calendar year under subsection
14 (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the
15 county's certified distribution for that same calendar year. The county
16 auditor shall distribute amounts retained under this subsection to the
17 county.

18 (d) All certified distribution revenues that are not retained and
19 distributed under subsections (b) and (c) shall be distributed to the civil
20 taxing units of the county as distributive shares.

21 (e) The amount of distributive shares that each civil taxing unit in a
22 county is entitled to receive during a month equals the product of the
23 following:

- 24 (1) The amount of revenue that is to be distributed as distributive
25 shares during that month; multiplied by
- 26 (2) A fraction. The numerator of the fraction equals the total
27 property taxes that ~~are first due and payable to~~ **were certified to**
28 **be collected by** the civil taxing unit ~~during in~~ **the immediately**
29 **preceding** calendar year, ~~in which the month falls, as provided in~~
30 **the approved abstract for the immediately preceding calendar**
31 **year**, plus, for a county, an amount equal to the property taxes
32 imposed by the county in 1999 for the county's welfare fund and
33 welfare administration fund. The denominator of the fraction
34 equals the sum of the total property taxes that ~~are first due and~~
35 ~~payable to~~ **were certified to be collected by** all civil taxing units
36 of the county during the **immediately preceding** calendar year,

1 ~~in which the month falls,~~ **as provided in the approved abstract**
 2 **for the immediately preceding calendar year,** plus an amount
 3 equal to the property taxes imposed by the county in 1999 for the
 4 county's welfare fund and welfare administration fund.

5 (f) The department of local government finance shall provide each
 6 county auditor with the fractional amount of distributive shares that
 7 each civil taxing unit in the auditor's county is entitled to receive
 8 monthly under this section.

9 (g) Notwithstanding subsection (e), if a civil taxing unit of an
 10 adopting county does not impose a property tax levy that is first due
 11 and payable in a calendar year in which distributive shares are being
 12 distributed under this section, that civil taxing unit is entitled to receive
 13 a part of the revenue to be distributed as distributive shares under this
 14 section within the county. The fractional amount such a civil taxing unit
 15 is entitled to receive each month during that calendar year equals the
 16 product of the following:

17 (1) The amount to be distributed as distributive shares during that
 18 month; multiplied by

19 (2) A fraction. The numerator of the fraction equals the budget of
 20 that civil taxing unit for that calendar year. The denominator of the
 21 fraction equals the aggregate budgets of all civil taxing units of
 22 that county for that calendar year.

23 (h) If for a calendar year a civil taxing unit is allocated a part of a
 24 county's distributive shares by subsection (g), then the formula used in
 25 subsection (e) to determine all other civil taxing units' distributive shares
 26 shall be changed each month for that same year by reducing the amount
 27 to be distributed as distributive shares under subsection (e) by the
 28 amount of distributive shares allocated under subsection (g) for that
 29 same month. The department of local government finance shall make
 30 any adjustments required by this subsection and provide them to the
 31 appropriate county auditors.

32 (i) Notwithstanding any other law, a county fiscal body may pledge
 33 revenues received under this chapter to the payment of bonds or lease
 34 rentals to finance a qualified economic development tax project under
 35 IC 36-7-27 in that county or in any other county if the county fiscal
 36 body determines that the project will promote significant opportunities
 37 for the gainful employment or retention of employment of the county's

1 residents.

2 SECTION 52. IC 6-3.5-7-5, AS AMENDED BY P.L.224-2003,
3 SECTION 254, AND AS AMENDED BY P.L.42-2003, SECTION 5,
4 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
5 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
6 subsection (c), the county economic development income tax may be
7 imposed on the adjusted gross income of county taxpayers. The entity
8 that may impose the tax is:

- 9 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
10 the county option income tax is in effect on January 1 of the year
11 the county economic development income tax is imposed;
- 12 (2) the county council if the county adjusted gross income tax is
13 in effect on January 1 of the year the county economic
14 development tax is imposed; or
- 15 (3) the county income tax council or the county council,
16 whichever acts first, for a county not covered by subdivision (1)
17 or (2).

18 To impose the county economic development income tax, a county
19 income tax council shall use the procedures set forth in IC 6-3.5-6
20 concerning the imposition of the county option income tax.

21 (b) Except as provided in subsections (c), (g), (k), ~~and~~ (p), and (r)
22 the county economic development income tax may be imposed at a rate
23 of:

- 24 (1) one-tenth percent (0.1%);
- 25 (2) two-tenths percent (0.2%);
- 26 (3) twenty-five hundredths percent (0.25%);
- 27 (4) three-tenths percent (0.3%);
- 28 (5) thirty-five hundredths percent (0.35%);
- 29 (6) four-tenths percent (0.4%);
- 30 (7) forty-five hundredths percent (0.45%); or
- 31 (8) five-tenths percent (0.5%);

32 on the adjusted gross income of county taxpayers.

33 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n),
34 (o), ~~or~~ (p), ~~or~~ (t), the county economic development income tax rate
35 plus the county adjusted gross income tax rate, if any, that are in effect
36 on January 1 of a year may not exceed one and twenty-five hundredths
37 percent (1.25%). Except as provided in subsection (g), ~~or~~ (p), ~~or~~ (t),

1 the county economic development tax rate plus the county option
2 income tax rate, if any, that are in effect on January 1 of a year may not
3 exceed one percent (1%).

4 (d) To impose, increase, decrease, or rescind the county economic
5 development income tax, the appropriate body must, after January 1 but
6 before April 1 of a year, adopt an ordinance. The ordinance to impose
7 the tax must substantially state the following:

8 "The _____ County _____ imposes the county economic
9 development income tax on the county taxpayers of _____ County.
10 The county economic development income tax is imposed at a rate of
11 _____ percent (____%) on the county taxpayers of the county.
12 This tax takes effect July 1 of this year."

13 (e) Any ordinance adopted under this chapter takes effect July 1 of
14 the year the ordinance is adopted.

15 (f) The auditor of a county shall record all votes taken on ordinances
16 presented for a vote under the authority of this chapter and shall, not
17 more than ten (10) days after the vote, send a certified copy of the
18 results to the commissioner of the department by certified mail.

19 (g) This subsection applies to a county having a population of more
20 than one hundred forty-eight thousand (148,000) but less than one
21 hundred seventy thousand (170,000). Except as provided in subsection
22 (p), in addition to the rates permitted by subsection (b), the:

23 (1) county economic development income tax may be imposed at
24 a rate of:

25 (A) fifteen-hundredths percent (0.15%);

26 (B) two-tenths percent (0.2%); or

27 (C) twenty-five hundredths percent (0.25%); and

28 (2) county economic development income tax rate plus the county
29 option income tax rate that are in effect on January 1 of a year
30 may equal up to one and twenty-five hundredths percent (1.25%);
31 if the county income tax council makes a determination to impose rates
32 under this subsection and section 22 of this chapter.

33 (h) For a county having a population of more than forty-one
34 thousand (41,000) but less than forty-three thousand (43,000), except
35 as provided in subsection (p), the county economic development
36 income tax rate plus the county adjusted gross income tax rate that are
37 in effect on January 1 of a year may not exceed one and thirty-five

1 hundredths percent (1.35%) if the county has imposed the county
 2 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
 3 under IC 6-3.5-1.1-2.5.

4 (i) For a county having a population of more than thirteen thousand
 5 five hundred (13,500) but less than fourteen thousand (14,000), except
 6 as provided in subsection (p), the county economic development
 7 income tax rate plus the county adjusted gross income tax rate that are
 8 in effect on January 1 of a year may not exceed one and fifty-five
 9 hundredths percent (1.55%).

10 (j) For a county having a population of more than seventy-one
 11 thousand (71,000) but less than seventy-one thousand four hundred
 12 (71,400), except as provided in subsection (p), the county economic
 13 development income tax rate plus the county adjusted gross income tax
 14 rate that are in effect on January 1 of a year may not exceed one and
 15 five-tenths percent (1.5%).

16 (k) This subsection applies to a county having a population of more
 17 than twenty-seven thousand four hundred (27,400) but less than
 18 twenty-seven thousand five hundred (27,500). Except as provided in
 19 subsection (p), in addition to the rates permitted under subsection (b):

20 (1) the county economic development income tax may be imposed
 21 at a rate of twenty-five hundredths percent (0.25%); and

22 (2) the sum of the county economic development income tax rate
 23 and the county adjusted gross income tax rate that are in effect on
 24 January 1 of a year may not exceed one and five-tenths percent
 25 (1.5%);

26 if the county council makes a determination to impose rates under this
 27 subsection and section 22.5 of this chapter.

28 (l) For a county having a population of more than twenty-nine
 29 thousand (29,000) but less than thirty thousand (30,000), except as
 30 provided in subsection (p), the county economic development income
 31 tax rate plus the county adjusted gross income tax rate that are in effect
 32 on January 1 of a year may not exceed one and five-tenths percent
 33 (1.5%).

34 (m) For:

35 (1) a county having a population of more than one hundred
 36 eighty-two thousand seven hundred ninety (182,790) but less than
 37 two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than

twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(r) *This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:*

- (1) *county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and*
- (2) *county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);*

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

~~(s)~~ (s) *Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.*

(t) Limitations in this section on the combined county adjusted gross income tax and county option income tax rate do not apply to the imposition of:

- (1) a county adjusted gross income tax rate under IC 6-3.5-1.1-3.8; or**
- (2) a county option income tax rate under IC 6-3.5-6-9.7.**

SECTION 53. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Subject to section 5(t) of this chapter**, the body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate increase (decrease) takes effect July 1 of this year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 54. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003, SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, ~~and~~ 26, and 27 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

- (1) The amount of the certified distribution for that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that ~~are first due and payable to~~ were certified to be collected by the county, city, or town during the immediately preceding calendar year, ~~in which the month falls;~~ as provided in the approved abstract for the immediately preceding calendar year; plus

(B) For a county, an amount equal to

~~(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~
~~(ii) after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ were certified to be collected by the county and all cities and towns of the county during the immediately preceding calendar year, ~~in which the month falls;~~ as provided in the approved abstract for the immediately preceding calendar year, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. ~~and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

- (1) The ordinance is effective January 1 of the following year.
- (2) Except as provided in sections 25 and 26 of this chapter, the

1 amount of the certified distribution that the county and each city
2 and town in the county is entitled to receive during May and
3 November of each year equals the product of:

4 (A) the amount of the certified distribution for the month;
5 multiplied by

6 (B) a fraction. For a city or town, the numerator of the
7 fraction equals the population of the city or the town. For a
8 county, the numerator of the fraction equals the population of
9 the part of the county that is not located in a city or town. The
10 denominator of the fraction equals the sum of the population of
11 all cities and towns located in the county and the population of
12 the part of the county that is not located in a city or town.

13 (3) The ordinance may be made irrevocable for the duration of
14 specified lease rental or debt service payments.

15 (d) The body imposing the tax may not adopt an ordinance under
16 subsection (c) if, before the adoption of the proposed ordinance, any
17 of the following have pledged the county economic development
18 income tax for any purpose permitted by IC 5-1-14 or any other statute:

19 (1) The county.

20 (2) A city or town in the county.

21 (3) A commission, a board, a department, or an authority that is
22 authorized by statute to pledge the county economic development
23 income tax.

24 (e) The department of local government finance shall provide each
25 county auditor with the fractional amount of the certified distribution
26 that the county and each city or town in the county is entitled to receive
27 under this section.

28 (f) Money received by a county, city, or town under this section
29 shall be deposited in the unit's economic development income tax fund.

30 (g) Except as provided in subsection (b)(2)(B), in determining the
31 fractional amount of the certified distribution the county and its cities
32 and towns are entitled to receive under subsection (b) during a calendar
33 year, the department of local government finance shall consider only
34 property taxes imposed on tangible property subject to assessment in
35 that county.

36 (h) In a county having a consolidated city, only the consolidated city
37 is entitled to the certified distribution, subject to the requirements of

1 sections 15, 25, and 26 of this chapter.

2 SECTION 55. IC 20-14-14 IS ADDED TO THE INDIANA CODE
3 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
4 PASSAGE]:

5 **Chapter 14. Review of Budgets of Appointed Boards**

6 **Sec. 1. Before an appointed library board described in**
7 **IC 6-1.1-17-20(a) may impose a property tax levy for the public**
8 **library for the ensuing calendar year that is more than five**
9 **percent (5%) greater than the property tax levy for the public**
10 **library for the current calendar year, the library board shall**
11 **submit its proposed budget and property tax levy to the**
12 **appropriate fiscal body under section 2 of this chapter.**

13 **Sec. 2. An appointed library board subject to section 1 of this**
14 **chapter shall submit its proposed budget and property tax levy to**
15 **the following fiscal body at least fourteen (14) days before the**
16 **county board of tax adjustment is required to hold budget approval**
17 **hearings under IC 6-1.1:**

18 **(1) If the library district is located entirely within the**
19 **corporate boundaries of a municipality, the fiscal body of the**
20 **municipality.**

21 **(2) If the library district:**

22 **(A) is not described by subdivision (1); and**

23 **(B) is located entirely within the boundaries of a township;**
24 **the fiscal body of the township.**

25 **(3) If the library district is not described by subdivision (1) or**
26 **(2), the fiscal body of each county in which the library district**
27 **is located."**

28 Page 23, between lines 19 and 20, begin a new paragraph and insert:

29 "SECTION 57. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999,
30 SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2004]: Sec. 7. If a computation under this chapter results in a
32 fraction and a rounding rule is not specified, the fraction shall be
33 rounded as follows:

34 **(1) If it is a tax rate calculation, to the nearest ~~one-hundredth~~**
35 **ten-thousandth of a cent (~~\$0.0001~~). (**\$0.000001**).**

36 **(2) If it is a tuition support calculation, to the nearest cent (\$0.01).**

1 (3) If it is a calculation not covered by subdivision (1) or (2), to
 2 the nearest ten-thousandth (.0001).

3 SECTION 58. IC 36-2-9-20, AS AMENDED BY P.L.245-2003,
 4 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 UPON PASSAGE]: Sec. 20. The county auditor shall:

6 (1) maintain an electronic data file of the information contained on
 7 the tax duplicate for all:

8 (A) parcels; and

9 (B) personal property returns;
 10 for each township in the county as of each assessment date;

11 (2) maintain the file in the form required by:

12 (A) the legislative services agency; and

13 (B) the department of local government finance; and

14 (3) transmit **to the legislative services agency and the**
 15 **department of local government finance** the data in the file
 16 with respect to the assessment date of each year **in the form**
 17 **required by the department of local government finance**
 18 **before the later of:**

19 (A) March 1 of the next year; ~~to:~~

20 ~~(A) the legislative services agency; and~~

21 ~~(B) the department of local government finance. or~~

22 (B) **thirty (30) days after the county mails its initial**
 23 **statement under IC 6-1.1-22-8."**

24 Page 25, between lines 23 and 24, begin a new paragraph and insert:
 25 "SECTION 60. THE FOLLOWING ARE REPEALED [EFFECTIVE
 26 UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8."

27 Page 27, between lines 16 and 17, begin a new paragraph and insert:
 28 "SECTION 63. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: (a)

29 **For purposes of this SECTION:**

30 (1) **"department" refers to the department of local**
 31 **government finance;**

32 (2) **"district" refers to a solid waste management district that**
 33 **has territory in more than one (1) county; and**

34 (3) **"2004 levy" refers to the least of:**

35 (A) **the district's maximum permissible levy under**
 36 **IC 6-1.1-18.5-3;**

1 **(B) the district's advertised levy; and**

2 **(C) the district's adopted levy;**

3 **for 2003 taxes payable in 2004.**

4 **(b) Notwithstanding:**

5 **(1) IC 13-21-7; or**

6 **(2) any action taken by a county or a district to fix a property**
 7 **tax levy for 2003 taxes payable in 2004;**

8 **the department may, for each county that participates in a**
 9 **district, determine under this SECTION the part of the district's**
 10 **property tax levy under IC 13-21-3-12(13) for 2003 taxes payable**
 11 **in 2004 to be levied in the county.**

12 **(c) The amount of the part referred to in subsection (b) for a**
 13 **county that participates in a district is the amount that bears the**
 14 **same proportion to the 2004 levy that the certified assessed value**
 15 **of the county as of the 2002 assessment date bears to the total**
 16 **certified assessed value as of the 2002 assessment date of all**
 17 **counties that participate in the district.**

18 **(d) The department shall use the amount determined under**
 19 **subsection (c) in setting the tax rate of the county.**

20 **(e) This SECTION expires July 1, 2005.**

21 **SECTION 64. [EFFECTIVE UPON PASSAGE] (a) For purposes**
 22 **of this SECTION, "department" refers to the department of local**
 23 **government finance.**

24 **(b) Except as provided in subsection (e), the auditor of state**
 25 **shall not distribute to a county treasurer the part designated**
 26 **under subsection (c) of the money otherwise distributable in July**
 27 **2004 under IC 6-1.1-21-4, as amended by this act, and**
 28 **IC 6-1.1-21-10 if before July 1, 2004:**

29 **(1) the elected township assessors in the county, the elected**
 30 **township assessors and the county assessor, or the county**
 31 **assessor does not transmit to the department the data for all**
 32 **townships in the county required to be transmitted before**
 33 **October 1, 2003, under IC 6-1.1-4-25(b);**

34 **(2) the county assessor does not forward to the department**
 35 **the duplicate copies of all approved exemption applications**

1 required to be forwarded before August 2, 2003, under
2 IC 6-1.1-11-8(a);

3 (3) the county auditor does not send to the department a
4 certified statement required to be sent before August 2,
5 2003, under IC 6-1.1-17-1 (as in effect before the
6 amendments under this act); or

7 (4) the county auditor does not transmit to the department
8 data required to be transmitted before March 1, 2003, under
9 IC 36-2-9-20 (as in effect before the amendments under this
10 act).

11 (c) The amount of money the auditor of state shall not
12 distribute under subsection (b) equals the product of:

13 (1) two percent (2%); multiplied by

14 (2) the combined amounts of the distributions for March,
15 April, and July of 2004, referred to in IC 6-1.1-21-10(b).

16 (d) Except as provided in subsection (g), the auditor of state
17 shall not distribute to a county treasurer two percent (2%) of the
18 money otherwise distributable after July 2004 under
19 IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before
20 the date of distribution the local officials referred to in subsection
21 (b) have not provided all the data and information referred to in
22 subsection (b). The withholding under this subsection applies
23 separately to each distribution referred to in IC 6-1.1-21-10(b).

24 (e) Amounts withheld from distribution to the county treasurer
25 under this SECTION are in addition to any amounts withheld from
26 distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as
27 amended by this act, before deadlines in 2004 established in those
28 sections for failure to provide data or information.

29 (f) The auditor of state shall consider the provision of
30 information referred to in subsection (b) to be untimely if the
31 department notifies the auditor of state in writing that
32 information provided is inaccurate, incomplete, or, with respect to
33 information referred to in subsection (b)(2), not in the form
34 required by the department.

35 (g) The restrictions on distributions under subsection (b) do not

1 apply if the department determines that the failure to provide
 2 information as referred to in subsection (b) is justified by unusual
 3 circumstances.

4 (h) When local officials provide the data and information
 5 referred to in subsection (b), money withheld under subsection (b)
 6 shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h),
 7 both as amended by this act.

8 (i) This SECTION expires January 1, 2006.

9 SECTION 65. [EFFECTIVE UPON PASSAGE] (a) The definitions
 10 in IC 6-1.1-1 apply throughout this SECTION.

11 (b) This SECTION applies only to the review or appeal of an
 12 assessment of real property used as residential property on an
 13 assessment date.

14 (c) This subsection applies only if the time in which a taxpayer
 15 is authorized to:

16 (1) request a review under IC 6-1.1-15-1 or IC 6-1.1-15-3;

17 (2) initiate the informal hearing process under IC 6-1.1-4-33
 18 or IC 6-1.1-4-36 that is a prerequisite to an appeal under
 19 IC 6-1.1-4-34 or IC 6-1.1-4-37; or

20 (3) initiate an appeal under IC 6-1.1-4-34 or IC 6-1.1-4-37
 21 after initiating a timely informal hearing process;

22 has elapsed before the effective date of this SECTION, for an
 23 assessment date after February 28, 2002, and before March 1,
 24 2004, and no review or appeal is pending on the effective date of
 25 this SECTION. The taxpayer may request a review or initiate an
 26 appeal under the appropriate provision of law before July 1, 2004,
 27 even if the taxpayer has previously initiated a review or an appeal
 28 for the same assessment date. The review or appeal is limited to
 29 consideration of competent evidence necessary to establish the
 30 fair market value of the property.

31 (d) If a timely initiated review or appeal is pending on the
 32 effective date of this SECTION, a taxpayer may raise the issue of
 33 the fair market value of the property in the review or an appeal
 34 after the effective date of this SECTION without initiating a new
 35 review or appeal.

(e) An assessment change that results from a review or an appeal subject to this SECTION applies to:

(1) the assessment date for which the review or an appeal is initiated; and

(2) each subsequent assessment date for which:

(A) a new assessment is not determined under IC 6-1.1; and

(B) there is not a review or an appeal of the assessment under:

(i) IC 6-1.1-15, as amended by this act; or

(ii) this SECTION.

(f) This SECTION expires January 1, 2008.

SECTION 66. [EFFECTIVE JULY 1, 2004] IC 6-1.1-19-1.5 and IC 21-3-1.7-7, both as amended by this act, apply only to property taxes first due and payable after December 31, 2004.

SECTION 67. [EFFECTIVE UPON PASSAGE] The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 6-1.1-12.1-15, as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:

(1) The date of adoption under this SECTION of another temporary rule that supersedes the temporary rule previously adopted under this SECTION.

(2) The date of adoption under IC 4-22-2 of a permanent rule that supersedes the temporary rule adopted under this SECTION.

(3) January 1, 2006.

SECTION 68. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-21, as added by this act, applies to the calculation of the maximum permissible ad valorem property tax levies of municipalities for ensuing calendar year 2005."

Page 28, delete lines 40 through 42.

Page 29, delete lines 1 through 6, begin a new paragraph and insert:

"SECTION 73. [EFFECTIVE UPON PASSAGE] (a) For purposes

1 of this SECTION:

2 (1) "department" refers to the department of local
3 government finance;

4 (2) "levy" refers to the general fund ad valorem property tax
5 levy;

6 (3) "municipality" has the meaning set forth in IC 36-1-2-11;
7 and

8 (4) "rate" refers to the general fund ad valorem property tax
9 rate.

10 (b) This SECTION applies to a municipality that:

11 (1) in 2002 received:

12 (A) a certified distribution of county option income tax
13 revenue that exceeded the estimated collection of revenue
14 determined under IC 6-3.5-6-17(c), as in effect on January
15 1, 2002; or

16 (B) a supplemental county option income tax revenue
17 distribution under IC 6-3.5-6-17.3; and

18 (2) imposed a levy for taxes first due and payable in 2002
19 greater than the levy of the municipality for taxes first due
20 and payable in 2003.

21 (c) A municipality may petition the department before May 1,
22 2004, to increase the levy of the municipality for taxes first due
23 and payable in 2004.

24 (d) If at the time the department receives a petition under
25 subsection (c) the department has certified the levy and the rate
26 of the municipality under IC 6-1.1-17-16 for taxes first due and
27 payable in 2004, the department shall recertify for taxes first due
28 and payable in 2004:

29 (1) the levy of the municipality in an amount equal to the
30 sum of:

31 (A) the levy certified by the department for the
32 municipality for taxes first due and payable in 2004; plus

33 (B) the lesser of:

34 (i) the amount of the excess or supplemental
35 distribution referred to in subsection (b)(1); or

- (ii) the remainder of the levy of the municipality for taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and
- (2) the rate for the municipality to reflect the increased levy under subdivision (1).

(e) If at the time the department receives a petition under subsection (c) the department has not certified the levy and the rate of the municipality under IC 6-1.1-17-16 for taxes first due and payable in 2004, the department shall certify for taxes first due and payable in 2004:

- (1) the levy of the municipality in an amount equal to the sum of:

- (A) the maximum permissible levy determined by the department for the municipality under IC 6-1.1-18.5 for taxes first due and payable in 2004; plus

- (B) the lesser of:

- (i) the amount of the excess or supplemental distribution referred to in subsection (b)(1); or

- (ii) the remainder of the levy of the municipality for taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and

- (2) the rate for the municipality to reflect the levy under subdivision (1).

(f) This SECTION expires January 1, 2005.

SECTION 74. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:
IC 6-1.1-6.9, as added by this act, applies only to assessment dates after February 29, 2004, and property taxes first due and payable after December 31, 2004.

SECTION 75. [EFFECTIVE UPON PASSAGE] (a)
Notwithstanding IC 6-3.5-1.1-2, as amended by this act, a county council may impose a county adjusted gross income tax rate under IC 6-3.5-1.1-3.8, as added by this act, effective July 1, 2004, by the adoption of an ordinance before May 1, 2004.

(b) This SECTION expires January 1, 2005.

SECTION 76. [EFFECTIVE UPON PASSAGE] (a)

1 Notwithstanding IC 6-3.5-6-2, as amended by this act, a county
 2 income tax council may impose a county option income tax rate
 3 under IC 6-3.5-6-9.7, as added by this act, effective July 1, 2004,
 4 by the adoption of an ordinance before May 1, 2004.

5 (b) Subject to the limitations of IC 6-3.5-6-6, as amended by
 6 this act, the county auditor shall deliver copies of a proposed
 7 ordinance the auditor receives to impose a county option income
 8 tax rate under IC 6-3.5-6-9.7, as added by this act, to all members
 9 of the county income tax council not later than five (5) days after
 10 receipt. Once a member of the county income tax council receives
 11 a proposed ordinance from the auditor of the county under this
 12 subsection, the member shall vote on it not later than fifteen (15)
 13 days after receipt.

14 (c) This SECTION expires January 1, 2005.

15 SECTION 77. [EFFECTIVE UPON PASSAGE] IC 6-1.1-21-5.7
 16 and IC 6-1.1-21-5.8, both as added by this act, apply only to
 17 property taxes first due and payable after December 31, 2004."

18 Renumber all SECTIONS consecutively.

(Reference is to SB 441 as printed January 21, 2004.)

and when so amended that said bill do pass.

Representative Crawford